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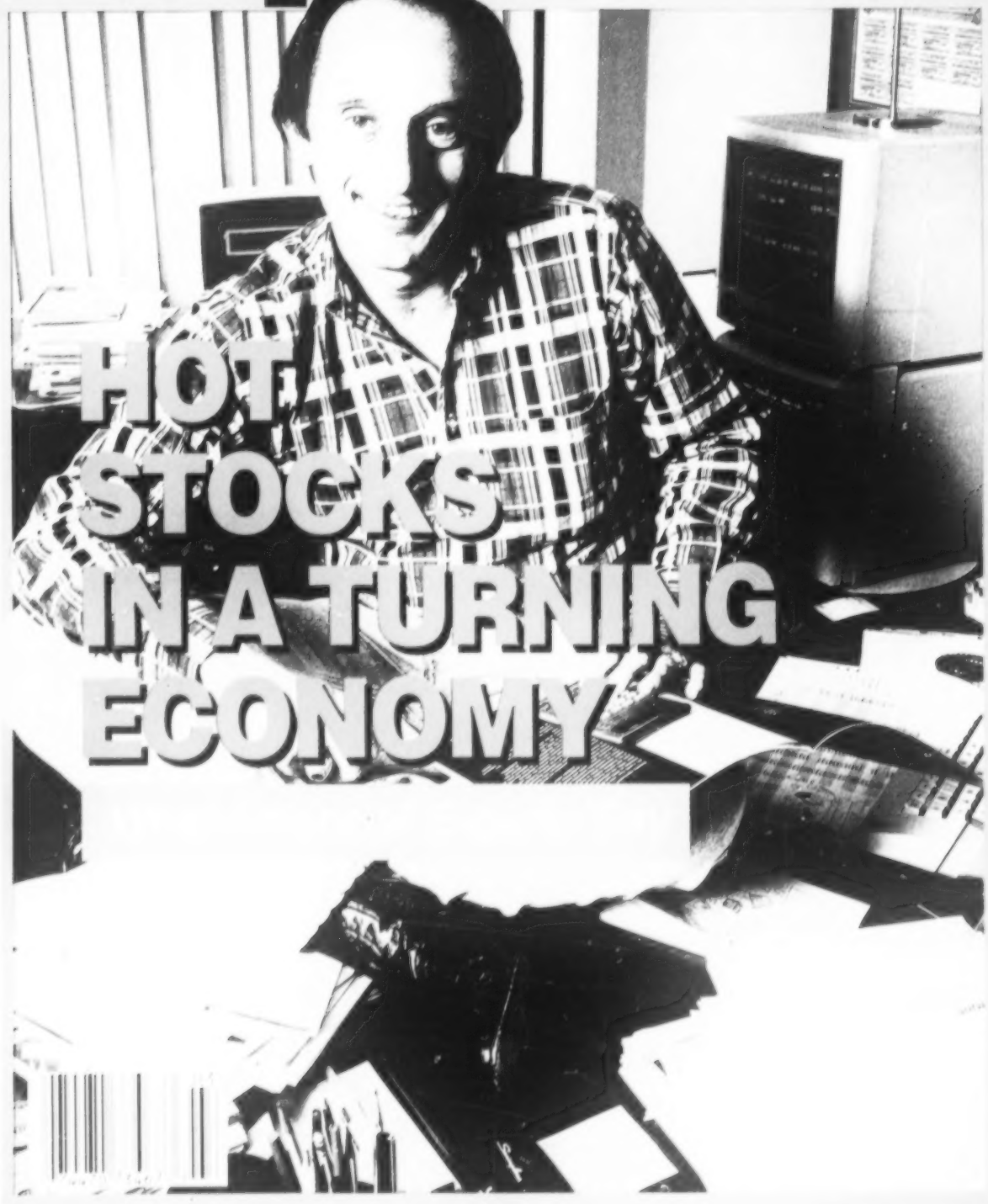

HOT STOCKS IN A TURNING ECONOMY

Hispanic BUSINESS

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Albert Vilar manages $1 billion at Amerindo Investment Advisors in San Francisco.

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Cover

Robert Rodriguez manages two mutual funds. Photo by Michael Jacobs. This month's cover design by Buffalo Brothers Studios West.

DIRECTline

One of this magazine's major purposes is to highlight the growth of the Hispanic economic base in America. We do this in a variety of ways. By measuring the growth of Hispanic companies and spending power. By tracking Hispanic penetration of various professional groups. And by listing the expanding numbers of Hispanics in corporate executive positions and government.

This issue is devoted to highlighting Hispanic involvement in the money and financial markets—both domestic and foreign. The timing could not be better, and the topic of asset management could not be more crucial.

The economy may be anemic and sluggish overall. But there are still ways to make money by investing in selected growth sectors. Our cover story, "Whitewater Rafting in a Fast Market," provides investment tips from a dozen or more leading financial advisors...men and women who are responsible for investments worth billions of dollars.

"The topic of asset management could not be more crucial."

A separate article—"Who's Who in Finance"—lists registered Hispanic-owned financial services firms, and subsidiaries of Mexican brokerage houses.

One of the experts, Albert Vilar of Amerindo Investment Advisers in San Francisco, manages a portfolio worth more than $1 billion. He increased the value of that portfolio by 83 percent last year alone. But you don't get returns like that playing a cautious, middle-of-the-road game. Mr. Vilar concentrates on some of the highest growth-potential, highest-risk investments out there—which right now are biotechnology and electronics companies.

Biotechnology stocks overall had a fabulous year in 1991. As outlined in our article on the year's top performing stock mutual funds, those in the health/biotechnology funds category had an average return of more than 74 percent last year. The gamble is that many of these stocks are priced for their potential, not actual, earnings. Some of the highest flying biotech offerings have in fact never earned anything.

Somewhat less expensive even after an incredible year are stocks in Mexican companies ("Mexico's Bolsa Grows Up and Up"). One company in particular, Telefonos de Mexico, has won a huge following here since it was listed in May on the New York Stock Exchange. Even investors who prefer to spread the risk by investing in Mexican stocks through special mutual funds have seen remarkable things happen on Mexico's booming exchange. For example, an investment of $10,000 in the Mexico Fund five years ago would have been worth $64,900 at the end of 1991.

Other potential sources of profits are the "cyclical stocks" associated with industries like construction that are tied to cycles in the overall economy. These are beginning to nose up as we go to press: a gamble on the timing of recovery.

Then there are experts like $350 million mutual fund manager Robert Rodriguez (on our cover) who specialize in identifying stocks that are "undervalued"—priced lower than their performance might indicate. Many of these are small companies that have a long positive performance record but because of their size are not well covered by the press or Wall Street. Small company growth mutual funds averaged returns of almost 52 percent last year.

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BPA CONSUMER MAGAZINES

STOCKS

Hot Times for Stock Mutual Funds

Health/biotech funds turned in a stunning performance for 1991.

By Humberto Lopes

The 1,233 U.S. open-end stock mutual funds that Lipper Analytical Services tracked in 1991 returned an average 30.66 percent to investors. That was the best mutual fund showing in 24 years, and better than the Standard & Poor's 500 Index for the first time since 1982.

But it was just the average for the 19 mutual fund categories that Lipper tracks. Funds specializing in health and biotechnology increased a whopping 74.32 percent last year, and seven other categories provided returns higher than the 30.66 percent average in 1991.

These attractive figures demonstrate why individuals and institutions invest in mutual funds—which are essentially pools of capital raised from a group of shareholders and invested in stocks chosen by a professional fund manager.

The listing below reports on the five top earning funds in each above-average performing category for 1991. But it's important to note, says Lipper's CEO, Michael Lipper, that these numbers are "a measure of the past, not a prediction of the future." So to illustrate how the tides of fortune change, the listing also reports the five top earning funds in these categories over five- and 10-year periods. Few names have held the lead over time. And several categories have emerged in just the past 10 years.

In general, value-based investments didn't do as well as growth-based ones in 1991, says Mr. Lipper. "Consequently, there's a valuation gap in the market. Stocks selling high have been winning lately over those that are selling low. But at some point these trends will converge."

And foreign investments did not do as well as domestic ones—with the exception of Latin America, where "there were some spectacular numbers."

Top Earning Mutual Funds/Categories

(Percent return)

IN 1991		PAST FIVE YEARS		PAST TEN YEARS	
Health/Biotechnology Funds	74.32%	**Health/Biotechnology Funds**	238.27%	**Health/Biotechnology Funds**	1,021.16%
1. Oppenheimer Global Biotech*	121.13	1. Financial Portfolio Health	378.06	1. Fidelity Select Health Care	1,021.16
2. Fidelity Select Biotechnology	99.05	2. Fidelity Select Biotechnology	316.18		
3. Financial Portfolio Health	91.81	3. Fidelity Select Health Care	251.34		
4. Fidelity Select Health Care	83.56	4. Fidelity Select Medical Delivery	232.24		
5. Fidelity Select Medical Delivery	77.83	5. Vanguard Specialized Hlth. Care	190.30		
Financial Services Funds	60.64%	**Financial Services Funds**	78.15%	**Financial Services Funds**	346.81%
1. Fidelity Select Brokerage	82.26	1. Financial Portfolio Financial	130.55	1. Fidelity Select Financial Service	348.02
2. Financial Portfolio Financial	74.00	2. Fidelity Select Regional Banks	102.87	2. Century Shares Trust	345.60
3. Fidelity Select Regional Banks	65.79	3. Freedom Regional Banks	97.83		
4. PaineWebber Reg. Fin. Growth	65.46	4. Century Shares Trust	82.66		
5. Fidelity Select Savings/Loan	64.61	5. PaineWebber Reg. Fin. Growth	81.28		
Small Company Growth Funds	51.57%	**Small Company Growth Funds**	94.13%	**Small Company Growth Funds**	257.05%
1. Montgomery Small Cap	98.75	1. Alger Small Capitalization	216.27	1. Mass. Fin. Emerging Growth	416.88
2. United New Concepts	88.26	2. Hartwell Emerging Growth	203.38	2. Pennsylvania Mutual	368.54
3. MFS Lifetime Emerging Growth	87.62	3. Oppenheimer Discovery	166.91	3. Acorn*	366.53
4. Oberweis Emerging Growth	87.06	4. MFS Lifetime Emerging Growth	162.46	4. Kemper Summit	365.65
5. John Hancock Special Equities	85.00	5. Janus Venture*	156.68	5. Hartwell Emerging Growth	346.73

** Closed to new investors.*

Continued on next page

Top Earning Mutual Funds/Categories, cont.

(Percent return)

IN 1991		PAST FIVE YEARS		PAST TEN YEARS	
Science & Technology Funds	45.40%	**Science & Technology Funds**	90.23%	**Science & Technology Funds**	290.40%
1. Financial Portfolio Technology	76.88	1. Financial Portfolio Technology	152.28	1. United Science & Energy	411.91
2. Fidelity Select Devel. Commun.	61.39	2. Fidelity Select Telecommun.	142.83	2. Kemper Technology	296.54
3. T. Rowe Price Science/Tech.	60.17	3. United Science & Energy	140.39	3. Franklin Custodian Dynatech	291.89
4. United Science & Energy	59.25	4. Seligman Commun. & Info.	129.44	4. Fidelity Select Technology	247.50
5. Fidelity Select Technology	58.97	5. Franklin Custodian Dynatech	119.50	5. John Hancock Tech. Nat'l Aviat.	204.14
Capital Appreciation Funds	38.82%	**Capital Appreciation Funds**	87.29%	**Capital Appreciation Funds**	300.23%
1. American Heritage	96.59	1. Twentieth Century Ultra	237.57	1. Twentieth Century Ultra	525.88
2. Twentieth Century Ultra	85.45	2. Pacific Horizon Aggress. Growth	176.69	2. AMEV Growth	493.58
3. ABT Emerging Growth	77.23	3. Twentienth Century Growth	170.34	3. Special Portfolios Stock	475.89
4. MIM Stock Appreciation	76.97	4. Janus Twenty	170.24	4. Putnam Voyager	474.95
5. Delaware Group Trend	74.49	5. Aim Constellation	169.92	5. Janus	474.19
Growth Funds	36.01%	**Growth Funds**	89.16%	**Growth Funds**	315.22%
1. CGM Capital Development	99.08	1. Berger One Hundred	211.02	1. CGM Capital Development	880.97
2. Berger One Hundred	88.81	2. Idex II	198.63	2. Fidelity Magellan	733.20
3. Twentieth Century Giftrust	84.61	3. Equity Portfolio Growth	193.16	3. New England Growth	619.94
4. Vista Capital Growth	70.74	4. Idex	192.11	4. AIM Weingarten	588.80
5. Pasadena Growth	67.83	5. Twentieth Century Giftrust	178.00	5. Phoenix Growth	554.42
Real Estate Funds	33.12%	**Real Estate Funds**	47.32%	**Real Estate Funds**	N/A
1. United Services Real Estate	55.35	1. Fidelity Real Estate Investment	47.32		
2. Fidelity Real Estate Investment	39.19				
3. Templeton Real Estate	34.41				
4. PRA Real Estate	23.58				
5. Evergreen Global Real Estate	13.09				
Specialty/Miscellaneous Funds	32.31%	**Specialty/Miscellaneous Funds**	76.87%	**Specialty/Miscellaneous Funds**	156.02%
1. Fidelity Select Retailing	68.13	1. Fidelity Select Food/Agriculture	177.32	1. Neuberger & Berman Selected Sectors	210.31
2. MFS Managed Sectors	62.08	2. Fidelity Select Retailing	165.40	2. Rochester Tax Managed	101.72
3. MFS Lifetime Managed Sectors	59.57	3. MFS Lifetime Managed Sectors	145.29		
4. Fidelity Select Transportation	54.14	4. Financial Portfolio Leisure	143.35		
5. Financial Portfolio Leisure	52.71	5. MFS Managed Sectors	120.44		
All Stock Funds	30.66%	**All Stock Funds**	79.80%	**All Stock Funds**	302.85%
1. Oppenheimer Global Biotech*	121.13	1. Financial Strategic Hlth. Science	378.06	1. Fidelity Select Health Care	1,021.16
2. CGM Capital Development	99.08	2. Fidelity Select Biotechnology	316.18	2. CGM Capital Development	880.97
3. Fidelity Select Biotechnology	99.05	3. Fidelity Select Health Care	251.34	3. Fidelity Magellan	733.20
4. Montgomery Small Cap	98.75	4. Twentieth Century Ultra	237.57	4. New England Growth	619.94
5. American Heritage	96.59	5. Fidelity Select Medical Delivery	232.24	5. Aim Equity Weingarten Retail	588.80

* *Closed to new investors.*

Source: Lipper Analytical Services Inc.